

AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MAY 10, 2011

AMENDED IN ASSEMBLY APRIL 25, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1050**

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**Introduced by Assembly Member Ma**

February 18, 2011

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An act to add and repeal Section 41127.9 of the Revenue and Taxation Code, relating to telecommunications.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1050, as amended, Ma. Telecommunications: taxes and fees.

The existing Emergency Telephone Users Surcharge Act generally imposes a surcharge on amounts paid by every person in the state for intrastate telephone service to provide revenues sufficient to fund “911” emergency telephone system costs. Surcharge amounts are paid to the State Board of Equalization on a monthly basis by the telephone service supplier and are deposited into the State Treasury to the credit of the State Emergency Telephone Number Account in the General Fund, to be expended for limited purposes, including to pay the Department of General Services for its costs in administration of the “911” emergency telephone number system.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and is authorized to fix just and reasonable rates and charges for services provided by those public utilities. Existing law establishes the Public

Utilities Commission Utilities Reimbursement Account and authorizes the commission to annually determine a fee to be paid by every public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission, except for a railroad corporation. The commission is required to establish the fee, with the approval of the Department of Finance, to produce a total amount equal to that amount established in the authorized commission budget for the same year, and an appropriate reserve to regulate public utilities, less specified sources of funding. Existing law establishes the state's telecommunications universal service programs and authorizes the commission to impose charges for the purpose of funding those programs.

This bill would, ~~upon appropriation for that purpose,~~ require the State Board of Equalization to convene a working group by March 1, 2012, to develop recommendations for an equitable and uniform method of collecting state and locally authorized communications taxes, fees, and surcharges from prepaid communications end-use consumers. The bill would require the working group to report its recommendations by April 30, 2013. The bill would require that the working group include stakeholder representatives, including representatives from the commission, the California Technology Agency, local government entities, law enforcement agencies, mobile telephony service providers, retailers, and consumer groups. Pursuant to existing law, the bill would repeal these requirements on January 1, 2016.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Maintaining effective and efficient telecommunications
- 4 services, 911 emergency systems, telecommunications-related
- 5 public policy programs to promote universal service, and various
- 6 local programs across the state benefits all citizens.
- 7 (b) Under existing law, communications taxes, fees, and
- 8 surcharges, including the Emergency Telephone Users Surcharge
- 9 Act, telecommunications universal service surcharges, local 911
- 10 emergency system surcharges, and utility user taxes are important
- 11 funding mechanisms to assist state and local governments with

1 the deployment of a variety of important services and programs  
2 to the citizens of this state.

3 (c) Providers of communications services are required to collect  
4 and remit communications taxes, fees, and surcharges on various  
5 types of communication service revenues, as provided by existing  
6 state or local law.

7 (d) Under existing law, there is a method for collecting  
8 communications taxes, fees, and surcharges from postpaid  
9 communications end-use consumers. However, there is no method  
10 for collecting communications taxes, fees, and surcharges from  
11 prepaid end-use consumers.

12 (e) Consumers purchase prepaid communications services at a  
13 wide variety of retail locations and other distribution channels, as  
14 well as through service providers.

15 (f) Prepaid communications services are an important and  
16 growing segment of the communications industry.

17 (g) To ensure equitable contributions from end-use consumers  
18 of postpaid and prepaid communications services, there should be  
19 standardization with respect to the method used to collect  
20 communications taxes, fees, and surcharges from end-use  
21 consumers of prepaid communications services.

22 SEC. 2. Section 41127.9 is added to the Revenue and Taxation  
23 Code, to read:

24 41127.9. (a) ~~Upon an appropriation being made for that~~  
25 ~~purpose, the~~ The State Board of Equalization shall convene a  
26 working group, by March 1, 2012, to develop recommendations  
27 for an equitable and uniform method of collecting state and locally  
28 authorized communications taxes, fees, and surcharges from  
29 prepaid communications end-use consumers. The working group  
30 shall report to the Legislature with its recommendations by April  
31 30, 2013. The working group shall include stakeholder  
32 representatives, including, but not limited to, representatives from  
33 the Public Utilities Commission, the California Technology  
34 Agency, local government entities, law enforcement agencies,  
35 mobile telephony service providers, retailers, and consumer groups.

36 (b) For the purposes of this section, “communications taxes,  
37 fees, and surcharges” means any and all state and locally authorized  
38 taxes, fees, and surcharges on communications services, including,  
39 but not limited to:

- 1 (1) Surcharges authorized pursuant to the Emergency Telephone  
2 Users Surcharge Act (Part 20 (commencing with Section 41001)).  
3 (2) Charges authorized by the Public Utilities Commission,  
4 including:  
5 (A) The California High Cost Fund-A program surcharge  
6 (Section 275.6, Public Utilities Code).  
7 (B) The California High Cost Fund-B program surcharge  
8 (Section 739.3, Public Utilities Code).  
9 (C) The Deaf and Disabled Telecommunications Program  
10 surcharge (Section 2881 and following, Public Utilities Code).  
11 (D) The California Teleconnect Administrative Committee  
12 program surcharge (Section 280, Public Utilities Code).  
13 (E) The California Advanced Services Fund program surcharge  
14 (Section 281, Public Utilities Code).  
15 (F) The Moore Universal Telephone Service Act (Article 8  
16 (commencing with Section 871) of Chapter 4 of Part 1 of Division  
17 1 of the Public Utilities Code).  
18 (G) Public Utilities Commission reimbursement fees collected  
19 pursuant to Chapter 2.5 (commencing with Section 401) of Part 1  
20 of Division 1 of the Public Utilities Code.  
21 (3) Local 911 or access line taxes, fees, or surcharges.  
22 (4) Local utility user taxes.  
23 (c) (1) The report to be submitted pursuant to subdivision (a)  
24 shall be submitted in compliance with Section 9795 of the  
25 Government Code.  
26 (2) Pursuant to Section 10231.5 of the Government Code, this  
27 section is repealed on January 1, 2016.